

Business Opportunity

for Guided Colorado River Trips

at Grand Canyon National Park

CC-GRCA###-07

United States Department of the Interior

National Park Service



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1. Introduction

1.1. Foreword

This section of the Prospectus describes in general terms the future business opportunities for guided Colorado River trips provided primarily within Grand Canyon National Park (Park) with some services provided within Glen Canyon National Recreation Area and Lake Mead National Recreation Area.

Potential Offerors are responsible for reviewing all sections of this Prospectus and, specifically, the terms and conditions of the attached Draft Contract, including its exhibits, to determine the full scope of the Concessioner's responsibilities under the Draft Contract.

This Prospectus is issued under the authority of the National Park Service (Service) Concessions Management Improvement Act of 1998, 16 U.S.C. §§ 5951-5966, 112 Stat. 3503, Public Law 105-391 as implemented by 36 C.F.R. Part 51. Both are included for reference in Appendix A and B. In the event of any inconsistency between the terms of this Prospectus and 36 C.F.R. Part 51, 36 C.F.R. Part 51 will control. Additionally, in the event of any inconsistency between the terms of the attached Draft Contract and this Business Opportunity section, the attached Draft Contract will control.

This Prospectus invites proposals for 16 Concession Contracts that represent the sole opportunity for commercial river trips through the Park.

1.2. National Park Service Background and its Mission

Congress created the Service to:

...conserve the scenery and the natural and historic objects and the wild life therein, and to provide for the enjoyment of the same in such a manner and by such means as will leave them unimpaired for the enjoyment of future generations. (16 U.S.C. § 1)

Additionally, Congress has declared that the National Park System should be:

...preserved and managed for the benefit and inspiration of all the people of the United States. (16 U.S.C. § 1a-1)

The overall mission of the Service is the preservation and public enjoyment of significant aspects of the nation's natural and cultural heritage. To learn more about the Service, visit www.nps.gov. This site includes information about the Service, its mission, its policies, and individual parks.



1.3. Grand Canyon National Park Background and its Mission

Legislation. On January 11, 1908, President Theodore Roosevelt reserved land in the Grand Canyon of Arizona as the Grand Canyon National Monument by presidential proclamation. In his proclamation, President Roosevelt stated that the Grand Canyon of Arizona “is an object of unusual scientific interest, being the greatest eroded canyon in the United States, and it appears that the public interest would be promoted by reserving it as a National Monument” (Proclamation No. 794).

On February 26, 1919, Congress dedicated and set apart Grand Canyon National Park “as a public park for the benefit and enjoyment of the people” (Grand Canyon National Park Establishment Act, 40 Stat. 1175). Over the years the Park has been enlarged and its boundaries revised, most recently on January 3, 1975, when Congress recognized “that the entire Grand Canyon, from the mouth of the Paria River to the Grand Wash Cliffs, including tributary side canyons and surrounding plateaus, is a natural feature of national and international significance” (Grand Canyon National Park Enlargement Act, Public Law 93-620). In this act, Congress also recognized the need for “further protection and interpretation of the Grand Canyon in accordance with its true significance.”

These legislative statements, in addition to the National Park Service Organic Act, as amended, provide the foundation upon which Park management is based. Management seeks to protect the natural and cultural resources of the Park, while providing for “the benefit and enjoyment of the people” through resource-based interpretive programs and appropriate public and concession facilities.

In recognition of its globally significant values, Grand Canyon National Park was designated as a World Heritage Site in October, 1979.

Significance Statements. Superlatives are often used to describe the Grand Canyon of the Colorado River—the world’s greatest manifestation of deposition and arid-land erosion, a powerful place with staggering implications of space, time, and change. It is a landscape to appreciate, cherish, and preserve for its scientific, cultural, and scenic values.

- Grand Canyon’s immense and richly colored scenic vistas, enhanced by a near-pristine natural setting, inspire a variety of emotional, intellectual, artistic, and spiritual impressions.
- The Grand Canyon of the Colorado River is the world’s greatest example of arid land erosion and one of the most spectacular exposures of stratified rocks.
- Grand Canyon’s extensive sedimentary strata and dry caves have preserved a remarkable record of past plant and animal life.
- Grand Canyon is an “exhibit-in-place” of the effects of geography on plants and animals.
- Grand Canyon has played, and continues to play, a pivotal role in precedent-setting conservation issues, including air quality, natural quiet, fire ecology, and adaptive river management.
- A variety of American Indian cultures, past and present, are represented in and around Grand Canyon.



- Grand Canyon's cultural history is a study in exploration, exploitation, development, and preservation of land in the American West.
- Grand Canyon National Park was designated in 1979 as a World Heritage Site by the United Nations Educational, Scientific and Cultural Organization (UNESCO), recognizing it as a place of universal value to be preserved as a part of the heritage of all peoples. Because of its superlative features, Grand Canyon National Park qualifies under both natural and cultural World Heritage Site criteria, placing it in elite company; only 4 percent of more than 460 sites world-wide are distinguished by this dual designation.

General Management Plan. The 1995 General Management Plan for Grand Canyon National Park is available at: <http://www.nps.gov/grca/gmp/index.htm>

The General Management Plan guides the management of resources, visitor use, and general development at the Park. The primary purpose of the plan is to provide a foundation from which to protect Park resources while providing for meaningful visitor experiences.

The direction for future Park management is based on the laws establishing the Park and the National Park Service, the purpose of the Park, and its significant resources. These elements in turn are the foundation for Park visitors and management objectives. Collectively, these pieces provide the context and philosophical direction for the General Management Plan.

While this plan provides overall direction for Park management, the specific actions needed to implement the plan will be provided in subsequent plans. Where appropriate, the Park's existing resource or issue-specific plans, and those being revised, are adopted by the General Management Plan.

Colorado River Management Plan. The Park's General Management Plan set as an objective the management of "the Colorado River corridor through Grand Canyon National Park to protect and preserve the resources in a wild and primitive condition." The 2006 Colorado River Management Plan (CRMP) addresses both long-standing and recent issues concerning resource protection, visitor experience, and public services along the river; and considers the impacts of Service river management on federally recognized American Indian tribes whose reservations adjoin the Park.

The Service has identified most of the Colorado River corridor within Grand Canyon National Park as "potential wilderness" and, in accordance with National Park Service Management Policies 2001, will manage it as wilderness "to the extent that existing non-conforming conditions allow."

The CRMP is primarily a visitor use management plan, which specifies actions to preserve Park resources and the visitor experience, while enhancing recreational opportunities. The CRMP addresses issues related to commercial activities on the river.

Where the Hualapai Reservation and the Park share boundaries, the CRMP describes management zones that reflect the variety and intensity of visitor activities, particularly in the river segment downstream of Diamond Creek. The plan addresses cooperative management issues with neighboring units of the National Park System, tribal governments, and other



agencies with jurisdiction or interests affected by, or that may themselves affect management, of the Colorado River corridor in the Park. In addition, the CRMP considers the input of other stakeholders.

The CRMP makes a number of changes to the way guided Colorado River trips were primarily conducted. The Offeror is responsible to understand the CRMP. The following table highlights some of the changes to be implemented in the new Contracts. The Service has analyzed these changes, as well as the others required in the CRMP, and considered them in developing financial projections and franchise fees for the new Contracts.

**Exhibit 1-A. Summary of Commercial Use Under the
2006 Colorado River Management Plan**

Mixed-Use Season	5.5 months (April 1 through September 15)		
No-Motor Season	6.5 months (September 16–March 31)		
Maximum Group Size (including guides)	32 passengers (May–August)/24 passengers (Remainder)		
Maximum Trip Length to Diamond Creek	Summer (May–August)	Shoulder Seasons (March– April/September– October)	Winter (November– February)
Commercial Motor	10 days	12 days	N/A
Commercial Oar	16 days	18 days	N/A
Maximum Trips at One Time (TAOT) to Diamond Creek	37		

A copy of the Colorado River Management Plan can be downloaded at:
www.nps.gov/grca/crmp

Potential Offerors are advised that litigation concerning the 2006 CRMP is pending in the United States District Court for the District of Arizona, River Runners for Wilderness v. Alston, No. CV06–894–PCT–DGC (D. Ariz.). All Contracts issued pursuant to this Prospectus will be subject to applicable law, including any orders issued by the United States District Court or other court of competent jurisdiction.

1.4. Location

Grand Canyon National Park is located in the northwest corner of the state of Arizona in Coconino County. The Park encompasses approximately 1,217,403 acres of public land on the southern end of the Colorado Plateau.

A 277-mile stretch of the Colorado River runs through the Park. The canyon that rises over a mile above the river provides one of the world's most complete records of geological history, and provides a scenic vista that attracts visitors from around the world.

The elevation relief of the Grand Canyon results in significant climatic variations and biological



diversity, reflected in life zones ranging from the arid lower Sonoran Desert to those typical of forested regions in Canada. In the inner canyon, summer nights are warm while days are hot, usually well over 100 degrees Fahrenheit. Winter temperatures are quite cool due to limited sunshine reaching the canyon floor. Except for seasonal thunderstorms, usually in July and August, the area is very dry.

On the South Rim of the Grand Canyon summer temperatures generally are 50-80 degrees Fahrenheit. Winter conditions will bring subfreezing temperatures and significant snowfall.

The community of Grand Canyon includes a K-12 school, several churches (Catholic, LDS, and Protestant), a clinic, dentist, grocery store, bank, post office, and other services commonly available in a community of about 2,500 people.

Visitors traditionally enjoy the Park by sightseeing, hiking, river rafting, camping, touring, and general recreating. The scientific community also uses the Park extensively for many fields of research.

To learn more about the Park, visit website: www.nps.gov/grca. A brochure and map of Grand Canyon National Park are provided in the Appendix.

Exhibit 1-B presents a photograph of whitewater river rafting on the Colorado River in Grand Canyon National Park.

Exhibit 1-B. Colorado River Trip in Grand Canyon National Park



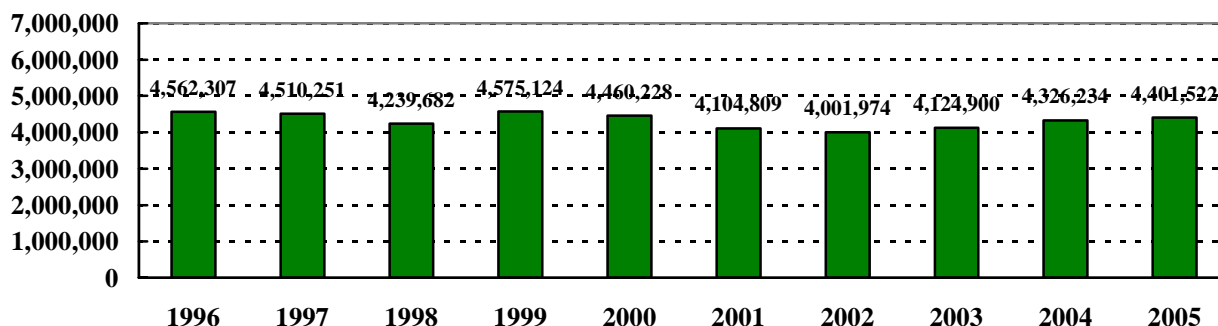
Source: National Park Service Photograph by Mark Lellouch

1.5. Visitation

Approximately 4.5 million people visit Grand Canyon National Park each year, primarily to the South Rim. Although the South Rim is open year-round, most visitation occurs from March to October. Visitors come from around the world.

Grand Canyon National Park had annual visitation ranging from 4,562,307 in 1996 to 4,401,522 in 2005. Over the past ten years, overall Park visitation has remained relatively stable. The Park's visitation statistics are in Exhibits 1-C and 1-D.

Exhibit 1-C. Annual Recreational Visitation

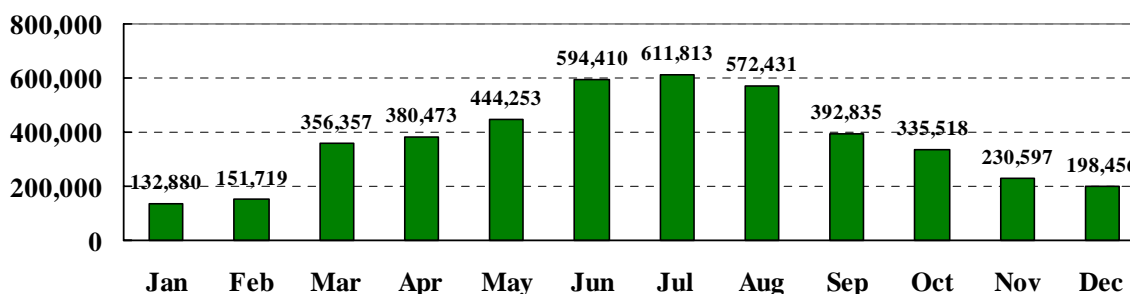


Source: Public Use Statistics Office (<http://www2.nature.nps.gov/stats/>)

For more information about Park visitation and national park visitation, please visit website: <http://www2.nature.nps.gov/stats/>.

Exhibit 1-D presents monthly recreational visitation to the Park. As can be seen in Exhibit 1-D, visitation is seasonal with most visitation occurring between March and October.

Exhibit 1-D. Monthly Recreational Visitation (2005)



Source: Public Use Statistics Office (<http://www2.nature.nps.gov/stats/>)

A river trip through the Grand Canyon is one of the most sought after backcountry experiences in the country. The existing concessioners provide services for over 22,000 visitors each year. Guided Colorado River trip concessions operate seasonally with most trips occurring between March and September.



2. Operations

2.1. Required Services

Exhibit 2-B presents a summary of visitor services required under the Draft Contract. The Draft Contract, including exhibits, provides details on these required services.

Clients travel from concessioner-owned facilities or other meeting points located outside the Park in vehicles to the beginning of the guided Colorado River trips.

Clients disembark from these vehicles and spend the next days riding motorized rafts, non-motorized rafts, dories or non-motorized individual watercraft (i.e. kayaks) on the Colorado River in the Park. Clients are always accompanied by a concessioner-employed guide. Another concessioner-owned raft may follow the group as they travel. This raft provides support by carrying food, water, and camping equipment. Groups camp at various designated campsites located along the Colorado River. Guides provide a variety of services including transportation, meal preparation, camp set-up, stewardship of Park resources, interpretation of Park resources, and interpretation of the American Indian perspectives of the natural and cultural resources of the Grand Canyon.

Exhibit 2-A presents a photograph of a petroglyph near North Tanner Beach on the Colorado River in Grand Canyon National Park.

Exhibit 2-A. Photograph of Petroglyph near North Tanner Beach



Source: National Park Service

Food and other services on the trip vary with the arrangements made by the clients and the type of trips offered by the concessioners. Trips vary in length varying from about 3 to 18 days. See Appendix G, Approved Types of Trips and Rate Schedules.



Exhibit 2-B. Overview of Required Services

Required Services	Material Differences from Existing Contracts
Guided river trips on the Colorado River for the public within Grand Canyon National Park between River Mile (RM) ZERO (0) at Lees Ferry within Glen Canyon National Recreation Area and as far as Temple Bar developed area within Lake Mead National Recreational Area.	See the Draft Operating Plan for changes required by the 2006 Colorado River Management Plan.
Interpret Park natural and cultural resources to Park visitors with the objective of instilling in them an appreciation of the Park. The interpretation will include American Indian perspectives on Park resources. Concessioner interpretive messages will include safety, local resource management issues and objectives, history of the Park and surrounding vicinity, and Park interpretive themes.	The addition of interpretation of the American Indian perspectives of Park resources.
If client exchanges are made to and/or from Phantom Ranch or other locations within the Park, the Concessioner is required to provide all clients with a hiking escort service to accompany them. This requirement does not apply when a client makes other arrangements to depart the canyon on a different day or by other means.	New required service.

There are several types of guided river trips as described in the Draft Contract, Exhibit B, Operating Plan. Briefly, they are:

- Motorized trips use inflatable pontoon rafts with low-powered outboard motors, negotiating the canyon in approximately half the time a rowed trip requires. They are capable of carrying all of the food, supplies, and passengers for a single trip.
- Oar rigs are inflatable rafts with a metal frame, piloted by a single guide using oars, carrying four or five passengers each. A typical trip will consist of several oar rigs, which may be accompanied by a baggage raft.
- Paddle boats are similar to oar rigs, although they may or may not have a metal frame. Passengers participate in paddling as instructed by a guide acting as paddle captain.
- Dorries are hard-shelled boats, based on a modified fishing boat design, rowed by a guide and carrying four passengers.

2.2. Authorized Services

Exhibit 2-C presents a summary of visitor services authorized under the Draft Contract. In addition to the required services presented above, the new concessioners will have discretion to provide services authorized under the Draft Contract. The authorized services of the Draft Contract do not materially differ from those authorized under the existing Contracts. The Draft Contract, including its exhibits, provides details on these authorized services.



Exhibit 2-C. Overview of Authorized Services

Authorized Services	Material Differences from Existing Contracts
Transportation services to the put-in points and from the take-out points on the river.	No material change.
Transportation of clients via power boat to and from locations downstream of Separation Canyon at RM 240.	No material change.

Concessioners may transport clients via power boat services for take-out from Separation Canyon to Pearce Ferry, South Cove, or Temple Bar. Only those services authorized by Grand Canyon National Park and/or Lake Mead National Recreational Area may be utilized by the concessioners.

2.3. Assigned Land and Facilities

No land or facilities are assigned to concessioners for use in conducting operations under the Draft Contract. Concession facilities are neither needed nor will they be allowed in the Park. Guided Colorado River trip concessioners utilize the Lees Ferry launch ramp within Glen Canyon National Recreation Area, the Colorado River and beaches in Grand Canyon National Park, and a launch ramp designated for commercial users in Lake Mead National Recreation Area.

Concessioner-owned facilities, offices, shops, and staging areas are to be located on private property outside the boundaries of the Park.

3. Operating Environment

3.1. Competition

Exhibit 3-A identifies the 16 existing authorized concessioners that may directly compete for the business required and/or authorized by the existing Concession Contracts. Potential Offerors must conduct their own research to evaluate the competitive environment.

Exhibit 3-A. Direct Competition

Contract Number	Exiting Concessioners	Addresses
CC-GRCA006-96	Arizona Raft Adventures, Inc.	4050 East Huntington Drive Flagstaff, Arizona 86004
CC-GRCA007-96	Arizona River Runners, Inc.	15211 North Cave Creek Road, Suite A Phoenix, Arizona 85032
CC-GRCA010-96	Canyoneers, Inc.	7195 North Highway 89



		Flagstaff, Arizona 86004
CC-GRCA011-96	Colorado River & Trail Expeditions, Inc.	5058 South 300 West Murray, Utah 84107
CC-GRCA015-96	Grand Canyon Expeditions Company, Inc.	641 North Highway 89 Kanab, Utah 84741
CC-GRCA016-96	Canyon Expeditions, Inc.	675 West Clay Flagstaff, Arizona 86001
CC-GRCA017-96	Diamond River Adventures, Inc.	916 Vista Avenue Page, Arizona 86040
CC-GRCA018-96	Hatch River Expeditions, Inc.	411 East 200 North Vernal, Utah 84078
CC-GRCA020-96	Moki Mac River Expeditions, Inc.	6006 South 1300 East Salt Lake City, Utah 84121
CC-GRCA021-96	OARS, Inc./Grand Canyon Dories, Inc.	2687 Highway 49, P.O. Box 67 Angels Camp, California 95222
CC-GRCA022-96	Outdoors Unlimited River Trips	6900 Townsend-Winona Road Flagstaff, Arizona 86004
CC-GRCA024-96	Aramark Leisure Service, Inc. dba Wilderness River Adventures	2040 East Frontage Road Page, Arizona 86040
CC-GRCA025-96	Tour West, Inc.	506 North 900 East Orem, Utah 84097
CC-GRCA026-96	Western River Expeditions, Inc.	7258 Racquet Club Drive Salt Lake City, Utah 84121
CC-GRCA028-96	Canyon Explorations, Inc.	675 West Clay Flagstaff, Arizona 86001
CC-GRCA029-96	Grand Canyon Discovery, Inc.	4050 East Huntington Drive Flagstaff, Arizona 86004

3.2. Park-Specific Attributes Potentially Impacting Concession Operations

Although there are whitewater river trips located outside the Park, it is the unique location of the Colorado River in the Park that makes this activity so popular. Because of the remoteness and ruggedness of the Grand Canyon, the technical challenges of the river, the requirement for specialized equipment and skills, and the distance from sources of supplies, many visitors decide to undertake this journey with the assistance of a concessioner.

Growth in guided Colorado River trips is limited by the user-day allocations and launch schedules specified in the Colorado River Management Plan. Historically, these allocations have been fully utilized.

Offerors need to carefully read the Final Environmental Impact Statement to revise the Colorado River Management Plan and the Record of Decision, which can be downloaded at website: www.nps.gov/grca/crmp

Offerors also need to read and understand the requirements in the Draft Contract including



without limitation Exhibit B, Operating Plan, Attachment 1, Commercial Operating Requirements, Section VI. Current User-Day Base Allocations per Concessioner for information regarding levels and allocations of commercial use of the Colorado River, the number of user-day allocations to concessioners, and the process to establish launch schedules and motorized and seasonal allocations. The number of user days allocated is different for each of the 16 Concession Contracts. Please see Appendix G, Approved Types of Trips and Rate Schedules.

The sixteen existing concessioners have historically cooperated through a professional association called Grand Canyon River Outfitters Association (GCROA). Among other things, they meet annually to develop a launch schedule acceptable to the Service. The Service encourages any successful Offeror to work cooperatively with the other concessioners in matters affecting river running as a whole. For more information on GCROA, refer to www.GCROA.org.

Potential Offerors must conduct their own research to evaluate the operating environment.

4. Investment and Expenses

4.1. Real and Personal Property

There are no real property improvements within Grand Canyon National Park, Glen Canyon National Recreation Area or Lake Mead National Recreation Area associated with these Draft Contracts. Possessory Interest is a compensable interest in real property and real property improvements. There is no Possessory Interest associated with any of the Draft Contracts.

All real and personal property used by concessioners to conduct these businesses is owned by the concessioners. None of this property is located or stored in the Park. Existing concessioners do not have any compensable interest in concession facilities. The sale of concessioners' tangible assets is governed by their own management strategies. Real property located outside the Park may be sold and purchased at the discretion of the seller and buyer.

Concessioners who invest in real property outside the Park for the purposes of supporting in-Park operations are not obliged to sell that property to any incoming concessioners. The government will not compensate concessioners for such property or require any incoming operator to purchase such property.

New concessioners will be required to provide the equipment, personal property, and inventories necessary for the proper and efficient operation of Contract requirements. New concessioners may make arrangements with existing concessioners to purchase assets.

4.2. Utilities

There are no utilities or sources of potable water in the Park's backcountry (with the exception of the Phantom Ranch area). Concessioners must fill water containers before entering Grand Canyon National Park, Glen Canyon National Recreation Area, and Lake Mead National Recreation Area, or carefully purify water taken from the Colorado River. All trash must be carried out of the Park. Radio or satellite phone communication may be used for emergency



communications; however, coverage is not available in all locations. Concessioners should not depend on satellite phones as a reliable means of emergency communications.

5. Financials

5.1. Concessioner Financial Projections

The Proposal Package of this Prospectus requires Offerors to develop financial projections based upon the required services under the Draft Contract. Offerors should exercise caution in using the historical information and Service estimates. Each Offeror must conduct its due diligence, producing its own financial projections, and relying on its own financial assumptions.

Concessioners under the Draft Contract must have sufficient funds at the commencement of the Contract to initiate operations. Offerors must estimate the appropriate amounts in their proposals.

5.2. Gross Revenue

Exhibit 5-A presents historical concession revenue for the past five years.

Exhibit 5-A. Gross Revenue

Existing Contracts	2000	2001	2002	2003	2004
GRCA006	\$2,097,325	\$2,142,779	\$2,253,254	\$2,205,698	\$2,285,031
GRCA007	\$3,242,798	\$3,206,835	\$3,266,687	\$3,375,599	\$3,511,032
GRCA010	\$1,164,447	\$1,246,089	\$1,276,189	\$1,325,443	\$1,299,753
GRCA011	\$602,765	\$604,276	\$678,674	\$652,163	\$602,605
GRCA015	\$2,801,731	\$2,923,130	\$3,026,879	\$2,465,952	\$2,951,647
GRCA016	\$650,855	\$634,846	\$723,556	\$721,749	\$697,071
GRCA017	\$1,591,688	\$1,694,980	\$1,612,824	\$1,730,040	\$1,763,275
GRCA018	\$2,033,111	\$2,073,648	\$2,139,260	\$2,348,870	\$2,362,706
GRCA020	\$825,573	\$773,782	\$850,661	\$873,883	\$887,834
GRCA021	\$1,918,125	\$1,859,688	\$1,999,942	\$1,849,815	\$2,172,749
GRCA022	\$1,161,626	\$1,285,967	\$1,240,697	\$1,192,330	\$1,235,993
GRCA024	\$2,299,613	\$2,301,419	\$2,132,894	\$1,694,502	\$1,472,403
GRCA025	\$926,586	\$928,156	\$1,047,828	\$962,380	\$989,971
GRCA026	\$5,280,530	\$5,404,800	\$5,606,724	\$5,662,156	\$5,832,021
GRCA028	\$777,716	\$888,574	\$914,188	\$897,347	\$951,054
GRCA029	\$773,692	\$670,421	\$841,074	\$528,857	\$803,204

Source: Concessioners Annual Financial Reports

The new Concession Contract No. CC-GRCA026 is required by law to be submitted to the Congress for sixty days before it may be awarded because annual gross receipts are anticipated to exceed \$5,000,000.

5.3. Rates



The Service ensures that concessioners' rates and charges to the public are commensurate with the level of services and facilities provided, and are reasonable, justified, and comparable with similar services and facilities provided in the private sector. The Service will determine the reasonableness of rates based upon the National Park Service "Concession Management Rate Approval Guide." See Appendix D. Rates are determined through the index pricing method based on Consumer Price Index-Urban (CPI-U). The Operating Plan, Exhibit B to the Draft Contract describes the rate determination and approval process.

Appendix G, Approved Types of Trips and Rate Schedules presents the currently approved types of trips and rate schedules for services provided by concessioners.

5.4. National Park Service Financial Analysis

5.4.1. Franchise Fee

The Draft Contract requires a minimum franchise fee calculated using the following formula:

4% of Gross Receipts for Gross Receipts between: \$0 and less than \$500,000 plus
 8% of Gross Receipts for Gross Receipts between: \$500,000 and less than \$1,000,000 plus
 12% of Gross Receipts for Gross Receipts between: \$1,000,000 and less than \$2,000,000 plus
 18% of Gross Receipts for Gross Receipts exceeding: \$2,000,000

Example: A concessioner having gross receipts equal to \$2,500,000 would pay \$270,000 in franchise fees as calculated below. In this example, a concessioner actually pays an 'effective' franchise fee of 10.8% (\$270,000 divided by \$2,500,000).

4% of Gross Receipts between \$0 and less than \$500,000	= \$20,000 (4% x \$500,000)
8% of Gross Receipts between \$500,000 and less than \$1,000,000	= \$40,000 (8% x \$500,000)
12% of Gross Receipts between \$1,000,000 and less than \$2,000,000	= 120,000 (12% x \$1,000,000)
18% of Gross Receipts between \$2,000,000 and \$2,500,000	= \$90,000 (18% x \$500,000)
Total	= \$270,000

Offerors may propose a higher franchise fee in accordance with the terms of this Prospectus.

5.4.2. Existing Franchise Fee

The current franchise fee for the existing Contracts requires a minimum franchise fee calculated using the following formula:

4% of Gross Receipts for Gross Receipts between: \$0 and less than \$500,000 plus
 8% of Gross Receipts for Gross Receipts between: \$500,000 and less than \$1,000,000 plus
 12% of Gross Receipts for Gross Receipts exceeding: \$1,000,000

5.5. Entrance Fees



Concessioners' clients are subject to Park entrance fees. After the new Contracts are awarded, the Service may enter into cooperative agreements with the concessioners to collect the Park's entrance fee.

5.6. Transition to a New Concessioner

In the event a new Concessioner is awarded the Concession Contract and the existing Concessioner will not continue operations, the Service and the existing Concessioner will work with one another and with the new Concessioner to maintain customer satisfaction and to achieve an orderly transition of Contract services.

6. Additional Contract Terms

6.1. Preferred Offeror Determination

The Service has determined that the existing concessioners are Preferred Offerors for this Draft Contract pursuant to the terms of 36 C.F.R. Part 51, Subpart E and F.

In summary, Preferred Offerors may match the terms and conditions of a competing responsive proposal that the Service has determined to be the best proposal for the Contract. This may only be exercised if a Preferred Offeror submits a responsive proposal in accordance with this Prospectus.

6.2. Term and Effective Date

The Service expects to award the new Concession Contracts by December 31, 2006. The term of the new Contracts will be ten (10) years beginning on their effective date, which is expected to be January 1, 2007. The effective date of the Draft Contract may change prior to Contract award if determined necessary by the Service. The expiration date of the new Contracts will be changed accordingly if a material adjustment is made to the effective date that significantly affects the business opportunity.

7. Site Visit

Offerors are encouraged to visit the Park to become familiar with physical conditions and limitations involved and gain an overview of the Park associated with the Draft Contract. No formal site visit will be conducted

For more information about the Park, please contact:

Rebecca Rhea
Chief, Concessions Management
Grand Canyon National Park
(928) 638-7709

